

Thai Agro Energy Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2024

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Agro Energy Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Agro Energy Public Company Limited as at 31 March 2024, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Emphasis of Matter

I draw attention to Note 9 to the interim financial statements, which describes the damage resulting from the fire incident affecting the stored cassava chips in the Company's warehouse on 8 January 2024. The Company recognised the impact of this fire incident in the statement of comprehensive income for the three-month period ended 31 March 2024. Currently, the Company is in the process of claiming compensation from the insurance company. My conclusion is not modified in respect of this matter.

Samran Taengcham
Certified Public Accountant (Thailand) No. 8021

EY Office Limited
Bangkok: 10 May 2024

Thai Agro Energy Public Company Limited
Statement of financial position
As at 31 March 2024

(Unit: Thousand Baht)

<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
	(Unaudited but reviewed)	(Audited)
Assets		
Current assets		
Cash and cash equivalents	40,125	47,132
Trade and other receivables	3 189,527	178,871
Inventories	236,376	217,489
Advance payments for purchase of goods	-	35,013
Other current financial asset	1,096	1,088
Other current assets	7,197	8,260
Total current assets	474,321	487,853
Non-current assets		
Investment properties	908	-
Biological assets	20,096	18,966
Property, plant and equipment	4 2,501,853	2,538,251
Right-of-use-assets	5 18,269	20,489
Intangible assets	1,602	1,742
Deferred tax assets	24,711	23,822
Other non-current financial assets	817	817
Total non-current assets	2,568,256	2,604,087
Total assets	3,042,577	3,091,940

The accompanying notes are an integral part of the financial statements.

Thai Agro Energy Public Company Limited
Statement of financial position (continued)
As at 31 March 2024

(Unit: Thousand Baht)

<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>	
	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6	1,011,569	984,586
Trade and other payables	7	50,842	69,158
Current portion of lease liabilities		5,390	6,103
Current portion of long-term loans	8	128,664	128,642
Provision for short-term employee benefits		119	119
Other current liabilities		19,867	22,158
Total current liabilities		<u>1,216,451</u>	<u>1,210,766</u>
Non-current liabilities			
Lease liabilities - net of current portion		15,488	16,490
Long-term loans - net of current portion	8	149,825	199,794
Provision for long-term employee benefits		11,517	11,196
Total non-current liabilities		<u>176,830</u>	<u>227,480</u>
Total liabilities		<u>1,393,281</u>	<u>1,438,246</u>

The accompanying notes are an integral part of the financial statements.

Thai Agro Energy Public Company Limited
Statement of financial position (continued)
As at 31 March 2024

(Unit: Thousand Baht)

	<u>31 March 2024</u>	<u>31 December 2023</u>
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up		
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000
Share premium	188,796	188,796
Capital reserve for share-based payment transactions	556	556
Retained earnings		
Appropriated - statutory reserve	100,000	100,000
Appropriated - general reserve	192,000	192,000
Unappropriated	<u>167,944</u>	<u>172,342</u>
Total shareholders' equity	<u>1,649,296</u>	<u>1,653,694</u>
Total liabilities and shareholders' equity	<u>3,042,577</u>	<u>3,091,940</u>
	-	-

The accompanying notes are an integral part of the financial statements.

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Directors
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(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2024

(Unit: Thousand Baht except earnings (loss) per share expressed in Baht)

		For the three-month periods ended 31 March	
	<u>Note</u>	<u>2024</u>	<u>2023</u>
Profit or loss:			
Revenues			
Sales		645,424	781,498
Sales of raw materials from the fire incident	9	11,681	-
Other income		6,386	27,401
Total revenues		<u>663,491</u>	<u>808,899</u>
Expenses			
Cost of sales		573,395	682,389
Selling and distribution expenses		4,442	6,726
Administrative expenses		28,603	34,492
Loss from the fire incident	9	44,975	-
Total expenses		<u>651,415</u>	<u>723,607</u>
Operating profit		12,076	85,292
Finance income		54	26
Finance cost		(17,417)	(17,078)
Profit (loss) before income tax		(5,287)	68,240
Tax income (tax expense)	10	889	(13,292)
Profit (loss) for the period		<u>(4,398)</u>	<u>54,948</u>
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>(4,398)</u>	<u>54,948</u>
Earnings (loss) per share			
Basic earnings (loss) per share	11		
Profit (loss) (Baht)		<u>(0.004)</u>	<u>0.055</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,000,000</u>	<u>1,000,000</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of changes in shareholders' equity
For the three-month period ended 31 March 2024

(Unit: Thousand Baht)

	Issued and fully paid up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings			Total
				Statutory reserve	General reserve	Unappropriated	
Balance as at 1 January 2023	1,000,000	188,796	556	100,000	192,000	142,063	1,623,415
Profit for the period	-	-	-	-	-	54,948	54,948
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	54,948	54,948
Balance as at 31 March 2023	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>197,011</u>	<u>1,678,363</u>
Balance as at 1 January 2024	1,000,000	188,796	556	100,000	192,000	172,342	1,653,694
Loss for the period	-	-	-	-	-	(4,398)	(4,398)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(4,398)	(4,398)
Balance as at 31 March 2024	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>167,944</u>	<u>1,649,296</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of cash flows
For the three-month period ended 31 March 2024

(Unit: Thousand Baht)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Profit (loss) before tax	(5,287)	68,240
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	46,616	44,155
Reduction of inventory to net realisable value	23,785	-
Unrealised gain on change in value of other current financial assets	(8)	(3)
Provision for long-term employee benefits	321	319
Finance income	(54)	(26)
Finance cost	17,461	17,091
Profit from operating activities before changes in operating assets and liabilities	82,834	129,776
Operating assets (increase) decrease		
Trade and other receivables	(10,602)	(73,484)
Inventories	(42,672)	(440,806)
Advance payments for purchase of goods	35,013	382,634
Other current assets	1,063	11,859
Operating liabilities increase (decrease)		
Trade and other payables	(15,797)	27,286
Other current liabilities	(2,242)	3,950
Cash from operating activities	47,597	41,215
Paid for interest expenses	(17,050)	(15,865)
Net cash from operating activities	<u>30,547</u>	<u>25,350</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of cash flows (continued)
For the three-month period ended 31 March 2024

(Unit: Thousand Baht)

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities		
Acquisitions of Mangium sprout and planting cost	(1,130)	(1,160)
Acquisitions of property, plant and equipment	(11,281)	(48,292)
Acquisitions of intangible assets	(4)	(144)
Advance payment for acquisition of land	-	(4,000)
Net cash used in investing activities	<u>(12,415)</u>	<u>(53,596)</u>
Cash flows from financing activities		
Net increase in short-term loans from financial institutions	26,833	91,554
Cash paid for long-term loans from financial institutions	(50,000)	(50,000)
Cash paid for principal portion of lease liabilities	(1,715)	(1,703)
Cash paid for interest expense of lease liabilities	(257)	(85)
Net cash from (used in) financing activities	<u>(25,139)</u>	<u>39,766</u>
Net increase (decrease) in cash and cash equivalents	(7,007)	11,520
Cash and cash equivalents at beginning of period	<u>47,132</u>	<u>21,942</u>
Cash and cash equivalents at end of period	<u><u>40,125</u></u>	<u><u>33,462</u></u>

Supplementary cash flows information

Non-cash related transactions from investing activities		
Account payables from purchases of plant and equipment and intangible assets	748	673
Transferred land to investment properties	908	-

The accompanying notes are an integral part of the financial statements.

Thai Agro Energy Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2024

1. General information

1.1 Corporate information

Thai Agro Energy Public Company Limited (“the Company”) was incorporated as a limited company and domiciled in Thailand and was transformed to be a public limited company under Thai laws on 18 October 2007. Its parent company is Lanna Resources Public Co., Ltd., which is a public limited company incorporated in Thailand. The Company operates in Thailand and is principally engaged in production and distribution of ethanol for fuel and soil conditioner. The registered office of the Company is at 888/114, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

These interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, do not have any significant impact on the Company’s financial statements.

(Unaudited but reviewed)

2. Related party transactions

Directors and management's benefits

During the three-month periods ended 31 March 2024 and 2023, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	6,303	5,259
Post-employment benefits	118	112
Total	<u>6,421</u>	<u>5,371</u>

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March	31 December
	<u>2024</u>	<u>2023</u>
Trade receivables	186,778	178,695
Other receivables	2,694	175
Interest receivable	55	1
Total trade and other receivables	<u>189,527</u>	<u>178,871</u>

The outstanding balances of trade receivables as at 31 March 2024 amounting to Baht 186.8 million (31 December 2023: Baht 178.7 million) are undue trade receivables.

4. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2024	2,538,251
Acquisitions during the period - at cost	8,745
Transfers to investment properties - net book value	(908)
Depreciation for the period	<u>(44,235)</u>
Net book value as at 31 March 2024	<u>2,501,853</u>

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2024 amounting to approximately Baht 1,094.5 million

(Unaudited but reviewed)

(31 December 2023: Baht 1,118.6 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 6 and 8.

5. Right-of-use assets

Movements of right-of-use assets for the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2024	20,489
Depreciation for the period	<u>(2,220)</u>
Net book value as at 31 March 2024	<u>18,269</u>

6. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		31 March 2024	31 December 2023
	(percent per annum)			
	31 March 2024	31 December 2023		
Promissory notes	4.95 - 5.50	4.50 - 5.45	<u>1,011,569</u>	<u>984,586</u>
Total			<u>1,011,569</u>	<u>984,586</u>

Movements in short-term loans from financial institutions during the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2024	984,586
Add: Increase during the period	694,501
Amortisation of transaction costs during the period	150
Less: Repayment during the period	<u>(667,668)</u>
Balance as at 31 March 2024	<u>1,011,569</u>

Credit facilities from a financial institution are secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 4.

As at 31 March 2024, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 628.4 million (31 December 2023: Baht 660.3 million).

7. Trade and other payables

(Unit: Thousand Baht)

(Unaudited but reviewed)

	31 March 2024	31 December 2023
Trade payables - unrelated parties	31,310	47,222
Other payables - unrelated parties	15,946	18,350
Dividend payables - unrelated parties	3,586	3,586
Total trade and other payables	<u>50,842</u>	<u>69,158</u>

8. Long-term loans

(Unit: Thousand Baht)

	31 March 2024	31 December 2023
Long-term loans from financial institution	278,489	328,436
Less: Current portion	<u>(128,664)</u>	<u>(128,642)</u>
Long-term loans from financial institution, net of current portion	<u>149,825</u>	<u>199,794</u>

Movements in the long-term loans account during the three-month period ended 31 March 2024 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2024	328,436
Add: Amortisation of transaction costs during the period	53
Less: Repayment during the period	<u>(50,000)</u>
Balance as at 31 March 2024	<u>278,489</u>

The loans are secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 4.

As at 31 March 2023, the Company could maintain certain financial ratio as specified in the loan agreement. As at 31 December 2023, the Company could not maintain certain financial ratio as specified in the loan agreement. However, the Company had negotiated with the bank, and had obtained a waiver letter for the condition maintain certain financial ratios from bank on 28 September 2023.

As at 31 March 2024 and 31 December 2023, the Company had no long-term credit facilities which have not yet been drawn down.

9. Damage from fire incident

(Unaudited but reviewed)

On 8 January 2024, a fire broke out in the Company's warehouse, affecting the stored cassava chips. The Company was able to manage the situation, mitigating damage to other areas. However, the Company is covered by all-risk insurance against such damage and is currently in the process of claiming compensation from the insurance company.

During the three-month period ended 31 March 2024, the Company recognised the revenues and expenses relating to the fire incident in the statement of comprehensive income as follows:

	(Unit: Thousand Baht)
Sales of raw materials from the fire incident	11,681
Total	<u>11,681</u>
Cost of sales of raw materials from the fire incident	(21,190)
Reduction of inventories as at 31 March 2024 to net realisable value	<u>(23,785)</u>
Total expenses relating to the fire incident	<u>(44,975)</u>
Net loss arising from the fire incident	<u>(33,294)</u>

10. Income tax

Interim corporate income tax is calculated on profit (loss) before income tax for the periods, using the estimated effective tax rate for the year.

(Tax income) tax expense for the three-month periods ended 31 March 2024 and 2023 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	31 March	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Interim corporate income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(889)</u>	<u>13,292</u>
(Tax income) tax expense reported in the profit or loss	<u>(889)</u>	<u>13,292</u>

11. Earnings (loss) per share

(Unaudited but reviewed)

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

12. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is organised into business units based on its products and recognised revenue at the point in time. The Company has two reportable segments, which consist of ethanol segment and soil conditioner segment.

The following tables present revenue and profit (loss) information regarding the Company's operating segments for the three-month periods ended 31 March 2024 and 2023.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March					
	Ethanol segment		Soil conditioner segment		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue						
Revenue from external customers	639,819	767,689	5,605	13,809	645,424	781,498
Total revenue	<u>639,819</u>	<u>767,689</u>	<u>5,605</u>	<u>13,809</u>	<u>645,424</u>	<u>781,498</u>
Operating						
Segment operating profit	71,569	91,062	460	8,047	72,029	99,109
Sales of raw materials from the fire incident					11,681	-
Other income					6,386	27,401
Selling and distribution expenses					(4,442)	(6,726)
Administrative expenses					(28,603)	(34,492)
Loss from the fire incident					(44,975)	-
Finance income					54	26
Finance cost					(17,417)	(17,078)
Profit (loss) before income tax					(5,287)	68,240
Tax income (tax expense)					889	(13,292)
Profit (loss) for the period					<u>(4,398)</u>	<u>54,948</u>

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 31 March 2024, the Company had capital commitments of approximately Baht 1.4 million relating to the construction of a levee in the vinasse reservoir area (31 December 2023: Baht 0.3 million, relating to the construction of other projects).

13.2 Lease and service commitments

- a) The Company has entered into several leases of low-value assets, short-term lease agreements and other services. As at 31 March 2024 and 31 December 2023, the Company had future lease and other service payments as below.

	(Unit: Million Baht)	
	31 March 2024	31 December 2023
	<hr/>	<hr/>
Payable:		
In up to 1 year	4.6	1.3

- b) The Company entered into a power supply agreement with the Provincial Electricity Authority for a period of one year and being automatically renewed for every one-year period. The Company shall pay power supply at the rate as stipulated in the agreement.

13.3 Guarantees

As at 31 March 2024, there were outstanding bank guarantees of approximately Baht 5 million issued by the bank on behalf of the Company to guarantee contracted performance under the agreement for using of electric to the Provincial Electricity Authority (31 December 2023: Baht 5 million).

14. Litigation

On September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case had been finished on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2011 (the countersue date) until completion of payment.

(Unaudited but reviewed)

On 18 May 2018, the Company sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The Company has already made attachment of the claim.

On 13 August 2019, the Company received partial payment of Baht 0.2 million. In addition, on 21 January 2022, the court ordered the debtor, a government agency, to submit the funds as they had been withheld to the Company. The debtor failed to submit the funds. As a result, in October 2022, the Company attached of the debtor's bank deposits in full in accordance with the writ of execution. Subsequently, in December 2022, the debtor filed a petition for the revocation of the attachment of claims. However, upon an investigation of the said petition, the Court issued an order dismissing the petition due to the lack of reasonable grounds for revocation. Currently, the debtor has filed an appeal against the Court's order, and the case is now in the appellate process. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

15. Financial Instrument

15.1 Fair value of financial instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

15.2 Fair value hierarchy

As at 31 March 2024 and 31 December 2023, the Company had the financial asset that was measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 31 March 2024		As at 31 December 2023	
	Level 2	Total	Level 2	Total
Financial asset measured at fair value				
Investment in open-end fund	1,096	1,096	1,088	1,088

During the period, there was no transfers within the fair value hierarchy.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 10 May 2024.